

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2008-69-S - ORDER NO. 2008-328

APRIL 30, 2008

IN RE: Joint Application of Development Service,)	ORDER APPROVING
Inc. and Bush River Utilities, Incorporated)	MERGER
for Approval of a Pro Forma Restructuring)	

This matter comes before the Public Service Commission of South Carolina ("Commission") on the Joint Application of Development Service, Inc. ("DSI") and Bush River Utilities, Inc. ("BRU") (together, "the Companies") for approval of a *pro forma* corporate restructuring involving the merger of the Companies, with DSI as the surviving corporation and name of entity.

Specifically, the Companies request approval for BRU to transfer operating authority of its approved territory in South Carolina to DSI the surviving merger entity, upon consummation of the proposed transaction.

According to the Application, DSI is a privately owned public utility providing sewer service to 68 residential and 70 commercial customers in Richland County. DSI collects sewerage from its customers and transfers it to BRU for treatment. BRU is a privately owned public utility providing sewer service to 53 commercial customers in Richland and Lexington Counties. BRU treats sewerage collected by DSI and its own customers. The Application reveals that DSI will continue to operate with the same basic

management structure as BRU and DSI have in place with the customers to be served under one sewer utility.

Also according to the Application, the proposed transaction will serve the public interest in the counties served in South Carolina by the merging utilities. The proposed transaction will streamline and eliminate inefficiencies from the business and administrative operations of DSI and BRU. Further, the Application states that DSI intends to adopt those portions of BRU's tariffs relating to BRU's service offerings and when necessary will file a revised tariff after consummation of the transaction or as otherwise directed by the Commission. The Application was filed pursuant to 26 S.C. Code Ann. Regs. 103-504 (Supp. 2007). Since the merger does not affect the existing tariff rates approved by the Commission, the Companies request that the proposed transaction be approved without a hearing pursuant to 26 S.C. Code Ann. Regs. 103-501 (Supp. 2007). The Companies also request waiver of the hearing requirement of 103-504, since the Companies expect unusual difficulty due to the time that it would take to have a hearing and still meet the merger timeline. Further, the Companies state that it is in the public interest to avoid unnecessary expense if there is support for the merger with no negative responses having been submitted after proper notice.

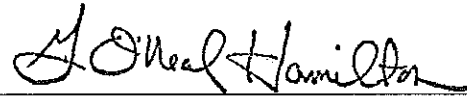
We have examined this matter, and have determined that the hearing requirement of 26 S.C. Code Ann. Regs. 103-504 (Supp. 2007) should be waived, since the Companies have a merger deadline that would make it difficult to schedule a hearing. Further, no opposition to the merger has been filed. We hold that the waiver is not contrary to the public interest. See 26 S.C. Code Ann. Regs. 103-501 (3) (Supp. 2007).

Pursuant to 26 S.C. Code Ann. Regs. 103-504 (Supp. 2007), in order to approve the merger, we must find that it is in the public interest and issue a Certificate to that effect. The Companies have asserted that the proposed transaction will serve the public interest in the Counties served in South Carolina by the merging utilities. We agree. Indeed, this Commission has been encouraging these entities to explore the benefits of consolidation since 1996. *See, e.g.*, Commission Order No. 96-44, p. 17; Commission Order No. 2005-42, p. 31. The transaction will streamline and eliminate inefficiencies from the business and administrative operations of DSI and BRU. Specifically, the Companies anticipate that this transaction will allow them to realize operational benefits. Such benefits are likely to result from service integration, reduced overhead and administrative costs, and other sources. These efficiencies will cause the surviving DSI to continue to provide high quality and fair cost sewer utility services to all customers in the territories served. On April 14, 2008, the Office of Regulatory Staff filed a letter stating that it had reviewed the docketed matter and does not oppose the request for approval.

Accordingly, we grant the requisite Certificate and approve the proposed *pro forma* merger, with DSI surviving. In addition, we approve BRU's merging its operating authority upon consummation of the proposed transaction with DSI. The Companies shall report to this Commission and the Office of Regulatory Staff when the proposed transaction is consummated. At that time, BRU's individual Certificate of Public Convenience and Necessity shall be rescinded.

This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:



G. O'Neal Hamilton, Chairman

ATTEST:



C. Robert Moseley, Vice Chairman

(SEAL)